

Amendments to Senate Bill No. 138  
1st Reading Copy

Requested by Department of Revenue

For the Senate Taxation Committee

Prepared by Lee Heiman  
March 16, 2007 (8:02am)

1. Title, line 9.

**Strike:** "APPLYING SPECIAL RULES TO CAPTIVE INSURANCE COMPANIES;"

2. Title, line 13.

**Strike:** "AMENDING SECTION 33-2-705, MCA;"

3. Page 2, line 2.

**Strike:** "80% of the amount of the qualified dividends"

**Insert:** "the total amount of qualified dividends allowed as a deduction for federal income tax purposes"

4. Page 3, line 18 through line 26.

**Strike:** subsection (11) in its entirety

**Renumber:** subsequent subsections

5. Page 4, line 22 through page 5, line 27.

**Strike:** section 3 in its entirety

**Renumber:** subsequent sections

6. Page 6, line 19 through line 21.

**Strike:** subsection (v) in its entirety

7. Page 6, line 25.

**Strike:** "5"

**Insert:** "4"

8. Page 9, line 3.

**Strike:** "4(2)"

**Insert:** "3(2)"

9. Page 10, line 27 through line 28.

**Strike:** "or, if" on line 27 through "0.40" on line 28

10. Page 12, line 3.

**Insert:** "(7) The provisions of this section do not apply to an insurer involved in a proceeding under the Insurers Supervision, Rehabilitation, and Liquidation Act, Title 33, chapter 2, part 13, or any similar proceeding brought by any other state insurance commissioner."

**"NEW SECTION. Section 6. Legitimate business purpose. (1)**

- over -

If a taxpayer's ratio of the 5-year average net written premiums for all insurance companies in a commonly controlled group to the 5-year average total income for all insurance companies in the commonly controlled group for the tax year is greater than or equal to 60%, as determined under [section 2], then the provisions of [sections 1 through 7] do not apply.

(2) If a taxpayer's ratio of the 5-year average net written premiums for all insurance companies in a commonly controlled group to the 5-year average total income for all insurance companies in the commonly controlled group for the tax year is less than 60%, as determined under [section 2], and upon an adequate showing by a taxpayer that a transaction referred to in [sections 2 through 5] was entered into with a legitimate business purpose, the department may grant relief from the application of [sections 1 through 7]."

**Renumber:** subsequent sections

11. Page 12, line 4 through line 24.

**Strike:** "To implement" on line 4 through "7], the" on line 5

**Insert:** "The"

**Following:** "necessary"

**Insert:** "to implement and administer the provisions of [sections 1 through 6]."

**Strike:** ", including" on line 5 through "state." on line 24

12. Page 12, line 26 through page 14, line 6.

**Strike:** section 8 in its entirety

**Renumber:** subsequent sections

- END -